

CUBA:

CUBA *01254* *(EIC)*
New Policy Focus

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A recent speech by President Castro suggests that Soviet pressure on Havana to get its economic house in order will result in the imposition of new austerity measures and increased political repression. [REDACTED]

In an address earlier this month, Castro abandoned his optimistic outlook for the economy and announced Cuba would continue to face economic hardships until at least 2000. He cautioned Cubans not to be carried away by the fantasies of consumerism and said the country's priorities would be to hold down total imports, increase exports to the West by at least 50 percent, and meet export commitments to "socialist" countries. [REDACTED]

According to the Cuban press, Castro's speech will be discussed by all unions and local committees—treatment that usually is reserved for issues of major importance. [REDACTED]

Comment: Castro's new stance probably was inspired by Soviet pressure to improve the Cuban economy. Last summer, Moscow criticized Havana's wasteful use of Soviet assistance. The timing of Castro's speech and his frequent references to talks with Soviet leaders suggest that Moscow recently reinforced earlier criticisms at these meetings. [REDACTED]

Although Castro stressed Cuba will maintain its political and economic relationship with the USSR, Havana's goal of increasing its hard currency trade will require improved commercial relations with Western nations. As a result, Cuba will be vulnerable to increased pressure from some Western countries to moderate its interventionist actions in the Third World before trade ties can be improved substantially. [REDACTED]

This means that the impact of the new policy focus will be felt most by the Cuban population as the simultaneous increase in exports to both West and East reduces domestic consumption. Popular expectations, encouraged by recent moderate economic growth, will deflate quickly as it becomes apparent that the import and domestic production of consumer items have the lowest priority in the new plan. [REDACTED]

Austerity will continue and probably deepen, stimulating dissent. In response, the Castro regime will employ increased repression. Havana almost certainly will have greater motivation to complete an emigration agreement with the US to obtain a safety valve for popular discontent. [REDACTED]

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